

18 September 1950

6. Central Intelligence Agency

The Central Intelligence Agency is responsible for the coordination and presentation of the Government's needs for economic data for intelligence purposes. Due to the comprehensive scope of present day intelligence interest, CIA and other intelligence agencies find that a very large percentage of all economic reporting from the Foreign Service is of positive value. Certain information, at present available only through the Foreign Service, is of critical importance for the production of intelligence relating to the national security. The economic information flowing into the US Government is however, still far short of that needed, both quantitatively and qualitatively.

The CIA is directed to use, to the largest extent possible, existing data collection facilities for the accomplishment of the national intelligence mission. In accordance with this principle the CIA through the National Intelligence Survey Program has allocated throughout the government the responsibility for the production of basic intelligence and the coordinate responsibility for the collection of the data required to undertake this production. The Department of State bears a major responsibility under the NIS Program for the production of basic economic intelligence. The allocation of the production responsibility for NIS bears with it the responsibility for the Department of State to plan and initiate collection action to meet its production program.

The CIA has depended to a great degree on intelligence resulting from the NIS program to fulfill its basic needs for economic data and analysis. As a result, the bulk of CIA's direct requests for Foreign Service reporting are spot requests arising from day-to-day developments, or from

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gaps in data discovered

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in departmental contributions to CIA reports and estimates. CIA has been unable, however, to exact effective response to such information requests because of difficulties in having its requests promptly processed through the Department of State to the field.

The CIA has not originated requests for extensive repetitive data collections, although it has reviewed and prepared recommendations for the Economic Manual which is the guide for all Foreign Service economic reporting. The CIA has also from time to time notified the Department of State of deficiencies in Foreign Service Reporting and inadequacies in field collection facilities. After lengthy trial of the NIS system it has now become apparent, that adequate information on economic matters has not been forthcoming.

At present, pursuant to NSC Action 202, CIA is preparing a coordinated statement of the requirements of all the intelligence agencies for economic information and it is contemplated that when this job is completed the results will be presented in such a way as to have a remedial impact on Foreign Service reporting. CIA officials feel, however, that some resolution of present organizational problems in the collection of data will be required before the needs of the intelligence agencies are adequately fulfilled.

MEMORANDUM

SUBJECT: Comments on a Survey of Foreign Service Economic Reporting

1. The analysis of defects in economic reporting made in the subject survey appears valid. Excessive emphasis on the reporting of commercial data to the exclusion of reporting on the economy of a foreign nation as a whole, the strategic interests of the US, and their inter-relation with the political situation makes foreign service reporting of lesser value than one would expect from the importance of US interests in the world situation.

2. The criticism of the existing machinery for requesting reports, for guiding the reporting effort, and for the preparation and transmission of reports also appears valid.

3. The Foreign Service undertakes three general types of reporting:
(a) statistical and other data used by Commerce, Agriculture, and other government departments in their routine business; (b) operational reports concerned with the conduct of foreign affairs with the authorities of the country in which the foreign service post is located; and (c) reports on the situation (including the economic situation) in the country in which the post is located. The US intelligence agencies derive useful information from all three categories, but are primarily interested in the 3rd category, and it is the third category in which Foreign Service reporting is weakest. This situation makes resolution of reporting problems difficult because all three types of reporting are done by the same personnel, yet they require different types of direction, different training, different reporting standards, and are done for different purposes. In addition to this multiplicity of overlapping types of reporting, Foreign Service personnel must perform collateral rep-

resentation and housekeeping functions that further impair their usefulness as reporters.

4. It is assumed that the proposed Office of Foreign Reporting will have jurisdiction over all types of Foreign Service Reporting, not merely the reporting of economic data. The following comments are therefore made of the basis of this assumption.

5. The word "intelligence" has many definitions, but the one that seems to be nearest to the spirit of the National Security Act of 1947 and which makes the most sense in terms of the role of intelligence in the formulation of national policy is that which defines intelligence as:

"The analysis of a situation in a foreign area as the situation affects the interests of the United States."

Most of the information needed for this purpose should be furnished by the 3rd category of reports mentioned in paragraph 2 above. Since there is an infinite variety of "situations" and since the interests of the US in a given situation depend to a large degree on US policy and since these interests shift from time to time, it is impossible to state for all time what answers to questions about the world abroad are and will be necessary in the production of intelligence. Lengthy reporting guides cannot substitute for rapid question response in filling intelligence needs for information. Intelligence information cannot, therefore, be defined on the basis of the subject matter of the information, but rather must be defined on the basis of the purpose for which the information is needed. In other words, to carry out its mission, the intelligence agencies must have access to whatever information is necessary to an adequate analysis of the situation as it affects the interests of the US.

6. The present system of reporting is so rigid that it is almost impossible to influence it to positive action to meet the immediate needs of intelligence production. This is all the more important since the changing nature of the

world situation and US interests usually causes the important intelligence problems to have an immediacy that cannot be met by a cumbersome and unresponsive reporting system. In actual practice, the great bulk of the information in political, economic, and sociological fields needed by the intelligence agencies can be obtained through normal reporting channels if they can be geared to rapid action on specific requirements. Since the Foreign Service is primarily responsible to a policy agency and since its personnel are not trained in the type of reporting needed by the intelligence community, some means of obtaining rapid and objective reporting by trained intelligence personnel is necessary as a check on the natural biases and inadequacies of the reporting by non-intelligence agencies. No such check exists at the present time.

7. Intelligence, by nature, must be objective to be of use. The Central Intelligence Agency was given independent status in order to free it from any influence or bias that might accompany subordination to any single policy-formulating or executive Department. This freedom from policy control has proved to be of great benefit to the quality of the work done by CIA. It is still possible, however, for CIA to be influenced or hampered in the execution of its mission if the nature and flow of information that it receives are controlled by another agency. In this respect, the present system of Foreign Service reporting is a constant potential danger to the objectivity of CIA's views. This does not mean that other departments wilfully frustrate CIA, but it does mean that reporting is frequently subjected to the influence and biases inherent in any reporting by an agency with policy and executive responsibilities.

8. Many of the organizational and functional problems involved in Foreign Service reporting on economic matters are also encountered in reporting by that Service on political and sociological matters. The following defects are those met frequently encountered:

- a. Inadequate graduate-level training of officers in the social science or technical fields on which they are reporting.
- b. Interference with reporting by collateral duties.
- c. Inadequate direction of reporting priorities and standards.
- d. Absence of an intimate relationship and common understanding of problems between reporting officers and the persons requiring the report.
- e. Time lapse between the origination of a collection requirement and the receipt of the finished report which reduces or nullifies the value of the report.

Defect a is doubtless created in part by Foreign Service procedures and objectives in selecting personnel. The other problems are believed to result more from the day-to-day organization and function of the Foreign Service reporting machinery.

9. It is worth noting here that, aside from the pertinent comment from the Special Assistant, Intelligence, in the Department of State, which was ignored, no intelligence views were obtained in the staff work which led to the passage of the Foreign Service Act of 1946. In spite of this omission the intelligence community depends on the Foreign Service for the great bulk of its information in political, economic, and sociological fields. Given this dependence on the Foreign Service and the interest in its product, it is inconceivable that the requirements of the intelligence community have been given so little account in the policies, directives, and daily work of Service.

10. The proposed Executive Order attached to the summary as Tab A would create a substantial conflict of authority and responsibility between the Department of State and CIA. In order for CIA to carry out its responsibilities to coordinate the intelligence activities of the Government, it is essential that CIA coordinate the requirements of the intelligence agencies for reporting (Category 3 mentioned in Paragraph 2 above). As the survey points out, the cart is now before the horse, since the Department of State controls its own reporting and coordinates CIA's requirements with those of other agencies. In such a situation CIA can neither do its job of coordinating intelligence activities nor be assured of the reporting that it needs to ensure adequate objective analysis of foreign situations. This situation also prevents speedy fulfillment of intelligence requirements and prevents reporting from having the relevancy to the interests of the US that is required for intelligence purposes.

11. It is essential in conformity into the intent of the National Defense Act of 1947, that CIA's responsibilities for coordinating all requirements

for information needed by all the intelligence agencies, including the Intelligence components of the Department of State (The third category of FS reporting described in Paragraph 3 above) be recognized in the Executive Order attached to the study. These requirements would of course have to be put in phase with non-intelligence requirements of State and other government departments. It would seem perfectly proper for the Department of State to coordinate the non-intelligence requirements. The two general categories could then be coordinated by a joint State-CIA reporting requirements board or by some similar mechanism.

12. It would also seem appropriate, in view of the tremendous importance of the Foreign Service to the intelligence community, to add the Director of Central Intelligence to the Board of the Foreign Service. The Foreign Service Act of 1946 provides for increases in membership of the Board to cover such contingencies. This would enable the intelligence community to bring its voice to bear, through official channels, where questions of selection of personnel, reporting standards, etc. are concerned. This would do a great deal to encourage recognition of intelligence needs by the Foreign Service without causing friction at lower levels.

RECOMMENDATIONS:

It is therefore recommended that the following revisions to Tab A be incorporated in the final report:

1. Add an additional WHEREAS substantially as follows:

"WHEREAS the Director of Central Intelligence is responsible for coordinating the intelligence activities of the several government departments and agencies.

2. Add a new Section 3, as follows:

The Director of Central Intelligence shall coordinate the preparation and maintenance of the requirements of the several government departments and agencies including the Department of State for information relating to the national security, including the establishment of priorities governing the allocation of such data.

3. Rerumber present Section 3 as Section 4, and substitute the following:

Section 4 The Secretary of State, except for requirements for information relating to the national security, shall have the authority (a) etc, etc.